

ECON 4897 Economics of Organizations

Instructor: Yangwei Song

Lecture: MWF 9:10 am to 10:00 am

Office Hours: Th 8:00 am to 10:00 am

Requisites: Intermediate Microeconomic Theory, Calculus, Statistics

Course Description: Economics of Organizations involves the use of economic logic and methods to understand the existence, design, and performance of organizations. We apply methods from contract theory and game theory to study fundamental incentive problems in organizations and the boundaries of organizations. The course content will emphasize theory and analysis.

Course Content:

1. Introduction to economics of organization
2. Contract design with adverse selection
3. Contract design with moral hazard
4. Imperfect Performance Measurement
5. Relational contract
6. Relative Performance Evaluation
7. Teamwork
8. Delegation
9. Horizontal boundaries of firms
10. Vertical boundaries of firms

Readings:

- Economics of Strategy, 7th Edition, Besanko, Dranove, Shanley, Schaefer, John Wiley & Sons, 2017.
- The Theory of Incentives, Laffont and Martimort, Princeton University Press, 2002.
- Various supplementary readings (lecture notes and some scholarly articles) will be available on the website

Grading Policy:

Two Midterms 40% + Final Exam 60%

Points not earned on the midterm exams will be added to the value of the final. There is no make-up exams.

SYLLABUS STATEMENTS

CLASSROOM BEHAVIOR

Both students and faculty are responsible for maintaining an appropriate learning environment in all instructional settings, whether in person, remote or online. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political philosophy. For more information, see the policies on [classroom behavior](#) and the [Student Code of Conduct](#).

REQUIREMENTS FOR COVID-19

As a matter of public health and safety due to the pandemic, all members of the CU Boulder community and all visitors to campus must follow university, department and building requirements, and public health orders in place to reduce the risk of spreading infectious disease. Required safety measures at CU Boulder relevant to the classroom setting include:

- maintain 6-foot distancing when possible,
- wear a face covering in public indoor spaces and outdoors while on campus consistent with state and county health orders,
- clean local work area,
- practice hand hygiene,
- follow public health orders, and
- if sick and you live off campus, do not come onto campus (unless instructed by a CU Healthcare professional), or if you live on-campus, please alert [CU Boulder Medical Services](#).

Students who fail to adhere to these requirements will be asked to leave class, and students who do not leave class when asked or who refuse to comply with these requirements will be referred to [Student Conduct and Conflict Resolution](#). For more information, see the policies on [COVID-19 Health and Safety](#) and [classroom behavior](#) and the [Student Code of Conduct](#). If you require accommodation because a disability prevents you from fulfilling these safety measures, please see the “Accommodation for Disabilities” statement on this syllabus.

Before returning to campus, all students must complete the [COVID-19 Student Health and Expectations Course](#). Before coming on to campus each day, all students are required to complete a [Daily Health Form](#). In the case of in-person classes, you may be reminded of the responsibility to complete the [Daily Health Form](#) and given time during class to complete it.

Students who have tested positive for COVID-19, have symptoms of COVID-19, or have had close contact with someone who has tested positive for or had symptoms of COVID-19 must stay home and complete the [Health Questionnaire and Illness Reporting Form](#) remotely. Check with individual faculty members in the event that you become sick or quarantined, as different faculty may have different procedures in place with regard to absences due to illness or quarantine. FERPA privacy laws ensure that students are not required to state the nature of their illness when alerting faculty.

ACCOMMODATION FOR DISABILITIES

If you qualify for accommodations because of a disability, please submit your accommodation letter from Disability Services to your faculty member in a timely manner so that your needs can be addressed.

Disability Services determines accommodations based on documented disabilities in the academic environment. Information on requesting accommodations is located on the [Disability Services website](#). Contact Disability Services at 303-492-8671 or dsinfo@colorado.edu for further assistance. If you have a temporary medical condition, see [Temporary Medical Conditions](#) on the Disability Services website.

PREFERRED STUDENT NAMES AND PRONOUNS

CU Boulder recognizes that students' legal information doesn't always align with how they identify. Students may update their preferred names and pronouns via the student portal; those preferred names and pronouns are listed on instructors' class rosters. In the absence of such updates, the name that appears on the class roster is the student's legal name.

HONOR CODE

All students enrolled in a University of Colorado Boulder course are responsible for knowing and adhering to the Honor Code. Violations of the policy may include: plagiarism, cheating, fabrication, lying, bribery, threat, unauthorized access to academic materials, clicker fraud, submitting the same or similar work in more than one course without permission from all course instructors involved, and aiding academic dishonesty. All incidents of academic misconduct will be reported to the Honor Code (honor@colorado.edu; 303-492-5550). Students found responsible for violating the academic integrity policy will be subject to nonacademic sanctions from the Honor Code as well as academic sanctions from the faculty member. Additional information regarding the Honor Code academic integrity policy can be found at the [Honor Code Office website](#).

SEXUAL MISCONDUCT, DISCRIMINATION, HARASSMENT AND/OR RELATED RETALIATION

The University of Colorado Boulder (CU Boulder) is committed to fostering an inclusive and welcoming learning, working, and living environment. CU Boulder will not tolerate acts of sexual misconduct (harassment, exploitation, and assault), intimate partner violence (dating or domestic violence), stalking, or protected-class discrimination or harassment by members of our community. Individuals who believe they have been subject to misconduct or retaliatory actions for reporting a concern should contact the Office of Institutional Equity and Compliance (OIEC) at 303-492-2127 or cureport@colorado.edu. Information about the OIEC, university policies, [anonymous reporting](#), and the campus resources can be found on the [OIEC website](#).

Please know that faculty and instructors have a responsibility to inform OIEC when made aware of incidents of sexual misconduct, dating and domestic violence, stalking, discrimination, harassment and/or related retaliation, to ensure that individuals impacted receive information about options for reporting and support resources.

RELIGIOUS HOLIDAYS

Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. For each class, check with your faculty member in advance so that you are aware of their specific requirements for accommodating religious observances.

See the [campus policy regarding religious observances](#) for full details.